

Medicare's use of clinical and cost-effectiveness information

ISSUE: Policymakers are looking for ways to use Medicare's resources more efficiently and to ensure the long-term sustainability of Medicare. Cost-effectiveness analysis may offer Medicare opportunities to promote care that is cost efficient and higher quality.

KEY POINTS: The aim of cost-effectiveness analysis is to relate the clinical effectiveness and health outcomes of services to the net resource costs associated with their use. In MedPAC's June 2005 report, the Commission concluded that before Medicare could routinely use cost-effectiveness analysis, policymakers will need to address valid concerns about its methods, such as how to measure outcomes and costs.

ACTION: Commissioners should provide comments about the draft chapter for the June 2006 report.

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